Iowa State University
Flexible Spending Accounts
Summary Plan Document

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Flexible Spending Account Program Details

This Summary Plan Document ("SPD") contains information about the Iowa State University Flexible Spending Account Program and Dependent Care Assistance Program ("FSA and DCAP Programs"), which is offered under the Iowa State University Health and Welfare Benefits Plan ("Plan"), sponsored by Iowa State University ("ISU"). This SPD describes the FSA/DCAP Programs in effect as of January 1, 2017.

What is a Flexible Spending Account?

The Health Care Flexible Spending Account (FSA) and the Dependent Care Assistance Program (DCAP) Flexible Spending Account are ISU sponsored benefit programs that allow you to pay for eligible health care and dependent care expenses with pre-tax dollars. The FSA/DCAP provides tax savings because you are not taxed on the money used to pay for such expenses. See a detailed description at "*How Does the FSA/DCAP Program Work?"*.

Who Can Participate in the FSA/DCAP?

Eligibility to participate in the FSA/DCAP is based on ISU benefits eligible classification as determined for your job classification. You are eligible to participate if you hold a Benefits eligible position and are employed .50 FTE or greater for nine months or longer. Or employed prior to July 1, 2009 in a position.34 FTE or greater for nine months of longer.

Eligibility Exclusions

You are **not** eligible to participate in the FSA/DCAP if employed in a position classified as Pre/Post-Doctoral Associate or as benefits ineligible.

How Does the FSA/DCAP Programs Work?

The FSA Program offers you two options. The options are administered by ASI*Flex*.

- Health Care Flexible Spending Account (FSA)
- Dependent Care Assistance Program (DCAP)

Once you have chosen your option(s), you generally pay for your contribution with pre-tax dollars. For some employees, ISU may contribute a portion. You decide what your annual contribution to the FSA/DCAP will be, based on your personal circumstances and subject to the limitations discussed in the SPD. You may use your Health Care FSA to pay only for eligible health care expenses, and you may use your DCAP to pay only for eligible dependent care expenses.

Note: Because pre-tax dollars are not subject to Social Security Taxes, your future Social Security benefits may be slightly reduced if your earnings are less than Social Security wage base. See, "*How do the FSAs Affect My Social Security and Unemployment Insurance Benefits?"*

How Does Participation in FSA or DCAP Save Money?

The FSA/DCAP will save you money on payroll and income taxes. For example, if you earn $3,000 a month and contribute $200 to an FSA, you pay taxes on only $2,800 per month. The tax savings are reflected in your pay each month, all year, and will vary depending on your particular tax

situation. See IRS Publications 502 and 503 (http://www.irs.gov), or consult your tax advisor for more details.

The FSA/DCAP saves you money on your taxes if you:

- Carefully estimate your health care and/or dependent care expenses
- Adjust your annual FSA/DCAP election(s) during the annual open change time to reflect your estimated expenses for the next plan year (January 1-December 31)
- Submit claims on time. The deadline for filing FSA/DCAP claims for a plan year is April 30 of the following plan year. See "*How Do I File Claims?".*

The following example illustrates the effect of participating in a Health Care FSA for an employee earning $30,000. The example assumes the employee has a spouse and two dependent children, and files a joint tax return.

Health Care FSA-Tax Savings Example for Out-of-Pocket Health Care Expenses		
	With Health Care FSA	Without Health Care FSA
Employee's Annual Gross Pay	$30,000	$30,000
Health Care FSA Election	$1,000	0
Net Taxable Pay	$29,000	$30,000
Estimated Federal, State , and Social Security Tax Withholding*	$8,019	$8,295
After-Tax Income	$20,981	$21,705
Out-of-Pocket Health Care Expenses	0	$1,000
Net Take-Home Pay	$20,981	$20,705
Annual Tax Savings	$276	0

*This example assumes that you are in the 15% federal income tax bracket, pay 5% state income tax, and have 7.65% Social Security/Medicare (FICA) deducted from your paycheck.

Nondiscrimination Requirements

In order to prevent the FSA/DCAP Program from being characterized as discriminatory under the Internal Revenue Code ("IRC") and therefore ineligible for favorable tax treatment, ISU may reject any elections or may reduce contributions or benefits during the plan year. Meaning, payroll deductions may be reduced or stopped as needed.

Privacy Rights

Under federal law, special rules apply to the privacy of your health information (these rules apply to the Health Care FSAs, but do not apply to the Dependent Care FSA). For more information about the confidentiality of your protected health information (—PHI) and how it may be used and disclosed, please refer to the ASI FSA Notice of Privacy Practices (—Notice). The Notice explains how you may access and amend your PHI, request an accounting of disclosures of your PHI, and request restrictions on disclosures of your PHI. You may request a copy of the Notice by contacting the Plan Administrator. Other policies adopted by the FSA Program contain standards designed to maintain the security of your PHI.

When May I Enroll In An FSA/DCAP?

There are two opportunities to enroll in the FSA/DCAP. You may enroll:

- When you are first hired and complete enrollment by your assigned deadline
- During annual open change time

Elections made during annual open change time are effective the following January 1. Once you enroll, you cannot make changes during the year unless you have a qualified change event. Once enrolled you would continue to have a flex account each year unless you choose to make a change at the annual open change time.

Initial Enrollment

New, eligible employees must enroll by the deadline date assigned in your benefits letter to participate for the remainder of the current plan year. You enroll by completing an enrollment form available from the University Human Resources Benefits Office.

- The effective date is the employee's employment start date

Following the receipt of a completed election form by the assigned deadline for the new employee, the effective date will be determined based on the above criteria.

If you fail to enroll within the time period assigned to you, (within 31 days of your notification) you may not elect to participate in the FSA/DCAP Plan until the next open change time or until an event occurs that would justify a mid-year election change for the DCAP.

Voluntary Reduced Work Time Arrangements

If you transition to a position below the eligibility requirement your participation in FSA/DCAP will end on the first of the month following the last contribution.

When Does Coverage Begin?

Once you have enrolled in the FSA/DCAP, participation will begin as described above, depending on your date of employment. You can submit for reimbursement only claims for eligible health care expenses or eligible dependent care expenses that you incur on or after the effective date of your enrollment or change for qualifying mid-year changes.

Annual Open Change Time

Each fall, ISU offers an annual open change time, when you have the opportunity to end or change your FSA/DCAP plans for the next calendar year. The new or changed plan will start on January 1 the following year, provided you remain eligible to participate in the FSA/DCAP program. ISU will notify eligible employees of the open change time deadline, along with instructions on how to complete the online change through AccessPlus or with a paper form. Information about annual enrollment is available on the Human Resources website or may be obtained from the ISU Benefits Office.

Changing Your Coverage

Once you enroll in the FSA/DCAP, you generally cannot change your elections until the following annual open change time. However, there are certain circumstances described below, when you may be eligible to change your elections outside of the annual open change time.

If you experience a qualified change event that allows you to change your elections outside of the annual open change time, you should contact the ISU Benefits Office to request a change form to complete and return. You must return the form (along with any required documentation) and

request the change within the time periods for each type of qualified change event described below. If you do not request to change your coverage elections within the required period, you will not be allowed to change your coverage until the next annual open change time (unless you experience another qualified change event).

You may change your coverage elections mid-plan year only if your changes result from, and are consistent with, any of the following qualified change events:

- HIPAA special enrollment
- Qualified change in status
- Significant cost change (DCAP only)
- Medicare or Medicaid entitlement
- Qualified medical child support order (QMCSO)

Your election change, and the corresponding salary deduction change, will be effective as of the date of the qualified change event. You will have 31 days following the date of the qualified change event to provide any required supporting documentation to the ISU Benefits Office. The exception, you have 60 from the birth or adoption of a child to complete the change form.

HIPAA Mid-Year Change Rules

Under the Health Insurance Portability and Accountability Act (HIPAA), you may have the right to change your Health Care FSA election, outside of the annual open change time when certain events occur. Special enrollment periods occur when:

- You acquire a new dependent due to marriage, birth, adoption or placement for adoption. Their expenses are eligible from the event date adding them as a dependent;
- You declined to participate in the Health Care FSA during a previous enrollment period because you were covered under another group health plan (or group health insurance), but you subsequently lose your other coverage for any of the following reasons:
    - You or your dependent exhaust COBRA continuation coverage under another employer's group health plan (other than due to failure to pay contribution or for cause);
    - Employer contributions toward other group health plan coverage terminate; or
    - You or your dependents lose eligibility under the other group health plan or health insurance coverage (other than due to your failure to pay contributions or for cause), including:
        - As a result of legal separation, divorces, cessation of dependent status, death, termination or reduction in hours of employment;
        - IN the case of an individual HMO policy, loss of coverage because you no longer reside or work in the service area, provided that no other benefit package is available to you
        - You or your dependent incurs a claim that meets or exceeds a lifetime limit on all benefits,; or
        - Your current employer decides to stop contributing for your coverage
    - You or your dependent becomes:
        - Ineligible for coverage under a Medicaid plan or a state child health plan, and as a result coverage is terminated; or

- Eligible for a premium assistance subsidy for the Medical Plan under Medicaid or the state child health plan.

The request for a change in coverage must be made within 31 days of the special enrollment event, unless the special enrollment event is you or your dependent becoming ineligible for coverage under a Medicaid plan or a state child health plan, or you or your dependent becoming eligible for a premium assistance subsidy for the Plan under Medicaid or the state child health plan. For this special enrollment right, the request for a change in coverage must be made within 60 days of the date you lose coverage or become eligible for coverage, as applicable.

Change in Status Event

You may make a change to your Health Care FSA election or to your DCAP election when certain change in status events occur; but only if the change is consistent with the event. The coverage change must be on account of and correspond to a change in status event that affects your or your dependent's eligibility for coverage under the FSAs or similar benefits under another employer's plan, including a change in status that results in an increase or decrease in the number of your dependents who may benefit from coverage.

The request for a change in coverage must be made within 31 days of the change in status event. Except for the 60 days allowed for those events noted in the previous paragraphs. The ISU Benefits Office will review the situation to determine if a change in status event has occurred and if the requested election change is consistent with the change in status event.

The following are change in status events:

- Number of dependents-you gain or lose a dependent (birth, adoption, placement for adoption, death);
- Marital or partnership status-your marital status changes (marriage, divorce, legal separation, annulment, death of a spouse);
- Employment status-change in employment status with respect to you, your spouse or a dependent, including: termination or commencement of employment, a strike or lockout, commencement of or return from an unpaid leave of absence, and a change in worksite or other change in employment that affects eligibility under a health plan;
- Dependent satisfies or ceases to satisfy eligibility requirements-your child becomes eligible or ceases to be eligible on account of age, student status or any similar circumstance, in this plan or under another plan; and
- Residence-a change in the place of residence of you, your spouse or your dependent.

Significant Cost or Coverage Change

You may revoke your Dependent Care FSA election (but not your Health Care FSA election) and file a new election for the balance of the plan year under the following circumstances:

- If the cost of your current coverage option significantly increases or significantly decreases. Note that no change is permitted when the cost change is imposed by a dependent care provider who is the employee's relative.
- An event occurs that significantly curtails coverage or causes you to lose coverage under your current coverage option. Under the Dependent Care FSA, this event allows you to drop

coverage or reduce your election amount to take into account expenses of an affected child. You may also make an election change due to a change in hours of care needed or change in hours worked by the provider;

- A coverage option is added or is significantly improved under the FSA Program during the year, and you are eligible for such option. Under the Dependent Care FSA, this event allows you to drop coverage or reduce your election amount to take into account expenses of an affected child. You may also make an election change due to a change in hours of care needed or change in hours worked by the provider;
- A coverage option is added or is significantly improved under the FSA Program during the year, and you are eligible for such option. You may enroll in, increase or reduce your election amount due to finding a new dependent care provider to correspond with the cost change.
- The change corresponds with a change made by you or your dependent under another employer's plan in the following circumstances;
    - If the annual open change time under the other plan occurs at a different time of year than annual open change time under the FSA Program.
    - If the other employer's plan allows you or your dependent to change elections due to the reasons described in this section (change in status or significant cost or coverage changes).

Medicare or Medicaid Entitlement

If you or your spouse or dependent enroll in or lose coverage under Medicare (Part A or B) or Medicaid, you may change your Health Care FSA election accordingly.

Qualified Medical Child Support Orders

You may become subject to a qualified medical child support order (QMCSO) that requires you to provide health coverage for a child. If this occurs, you may change your Health Care FSA election accordingly.

Program Funding and Paying for Your FSA/DCAP Coverage

The FSA/DCAP Program is a self-insured benefit program, which means that claims are paid from the contributions you make and from a possible contribution from ISU (some employees may have ISU contributions due to applicable credits). Your cost for coverage depends on the amount you elect to contribute to your FSA/DCAP for the plan year.

How You Pay for Benefits

Once you decide the amount you want to contribute to your FSA/DCAP for the plan year, this coverage amount is divided by the number of pay periods left in the plan year. Your contributions are deducted, on a pre-tax basis, from your pay evenly across pay periods for the plan year and credited to your FSAs. If you enroll during an annual open change time, your paycheck deductions will begin as of the first month of the plan year for which you elect coverage.

How Does the FSA/DCAP Affect My Social Security and Unemployment Insurance Benefits?

Because your FSA/DCAP contributions are deducted from your paychecks before federal, state and Social Security (FICA) taxes are taken out, your future Social Security and unemployment insurance benefits may be slightly reduced if your earnings are less than the Social Security wage base.

For example, if annual earnings after your contributions to your FSA/DCAP are above the Social Security wage base (e.g., $110,100 in 2014); there will be little or no effect on your Social Security benefits. However, if your earnings are below the wage base, your future Social Security benefits may be reduced when earnings from your years of participation in the FSA/DCAP are used to calculate your Social Security benefits. Your FSA/DCAP contributions also reduce your taxable income, which is used to calculate your unemployment insurance benefits.

Employment Events and Effect on Coverage

What if I Take a Leave of Absence?

There are five types of leave of absence that can be paid or unpaid:

- Disability Leave
- Personal Leave
- Faculty Development Leave
- FMLA Leave
- Military Leave

When you take a leave of absence (paid or unpaid), you will receive a letter describing the terms of your leave, including specific information about how your leave will affect your eligibility for benefits. The general rules that apply during a leave of absence are described below.

You may elect to discontinue participating in the Health Care FSA during your leave of absence. In order to discontinue participation in your Health Care FSA during your leave, you must elect to do so within 31 days of the commencement of the leave. If you elect to discontinue participation in your Health Care FSA, your last day of coverage will be the last day of the month in which you begin your leave of absence. Expenses incurred during the leave after your coverage ends are not eligible for reimbursement. If you do not elect to discontinue participation in your Health Care FSA during your leave, the rules set forth below will apply.

Your participation in the Dependent Care FSA will automatically cease as of the date you begin your leave of absence, except as described below if you are on paid faculty development leave.

Health Care FSA Participation during a Leave of Absence

Paid Faculty Development Leave

If you are on paid Faculty Development Leave, you will remain an active participant in your Health Care FSA for the duration of your leave of absence, and your contributions will continue to be deducted from your pay in the same manner and amount as deductions were taken prior to your leave. While on leave, you may continue to submit claims for reimbursement from your Health Care FSA for eligible medical expenses as long as you are a participant.

Special Note for Unpaid Faculty Development Leave

If you are on an unpaid Faculty Research Leave, details related to your benefits eligibility will be included in the letter you receive explaining the terms of your leave of absence.

Paid Disability Leave

If you are on a paid Disability Leave (which may run concurrently with FMLA Leave), and you qualify for benefits under ISU's Long Term Disability Policy, you will continue to be an active participant in your Health Care FSA while you are receiving pay; however, your Health Care FSA participation will terminate when your pay ends. Your Health Care FSA coverage will also terminate in the event that you no longer qualify to receive disability benefits, but you do not return to work.

Military Leave

Health Care FSA Participants Called to Active Duty in the Middle of the Plan Year -

If you are a military reservist who is called to active duty for at least 180 days and are a Health Care FSA participant, you may request a Qualified Reservist Distribution (QRD) to access funds that might otherwise be forfeited. Requesting a QRD will allow you to access funds you have set aside in your Health Care FSA without incurring eligible expenses to seek reimbursement. If you request a QRD, the Plan will pay you the amount contributed to the Health Care FSA, as of the date of the QRD request, minus any reimbursements received as the date of the request. QRDs are subject to employment taxes and will be included in your gross income and wages. A QRD will be reported as wages on your W-2 for the year in which the QRD is paid.

Once you request a QRD, you will forgo the right to claim any additional expenses incurred while you were an active employee. However, if you return from your military leave and re-enroll in the Iowa State University FSA program during the same plan year, you may claim expenses incurred during you NEW period of coverage. All requests for a QRD must be submitted by the end of the FSA plan year.

If you have questions about electing to receive a QRD, please contact your benefit representative for additional details.

Unpaid FMLA Leave or Unpaid Personal Leave

Generally, if you are on an approved unpaid FMLA or personal leave of absence, you will remain an active participant in your Health Care FSA for the duration of your leave. While on leave, you may continue to submit claims for reimbursement from your Health Care FSA for eligible medical expenses are long as you are a participant.

Employees on an unpaid leave of absence are responsible for paying the Health Care FSA contributions due for the period of the leave. You have two choices for paying any Health Care FSA contributions due for the period of your unpaid leave of absence, which will be described in greater detail in the letter you receive setting forth the terms of your leave:

- Pre-Pay Contributions. You can make a lump-sum contribution due for the period of your leave (but not for any period beyond the end of the calendar year in which your leave begins) on a pre-tax basis (from the last paycheck before your leave begins. If your leave extends beyond the period for which you have prepaid your contribution amount, you may

pay any additional required contributions under the Pay-As-You-Go method described below.

- Pay-As-You-Go Contributions. You can make monthly contributions during your leave on an after-tax basis. If you choose to make monthly contributions, you'll need to send your checks directly to the ISU Accounts Receivable, on the due date of the billing. You must pay any delinquent contributions within 30 days of the date the payment is due; if any contribution amount remains unpaid after this 30-day period, your coverage will terminate.

DCAP Participation during a Leave of Absence

As noted above, for most types of leave, your participation in your Dependent Care FSA will be discontinued as of the first day of your leave of absence.
However, if you are on a paid faculty development leave, you will remain an active participant in your Dependent Care FSA, and your contributions will continue to be deducted from your pay in the same manner and amount as deductions were taken prior to your leave, unless you elect to discontinue participation in your Dependent Care FSA. In order to discontinue participation in your Dependent Care FSA for the duration of your paid faculty leave, you must elect to do so within 31 days of the commencement of the leave. If you elect to discontinue participation in your Dependent Care FSA, your participation will end as of the first day of your leave of absence. Expenses incurred during the leave after your participation ends are not eligible for reimbursement.

What Happens When I Return to Work Following a Leave of Absence, if My Participation Ended during the Leave?

Return to Work Following a Non-FMLA Leave

If you were on non-FMLA leave, the length of your leave will affect your election options, as follows:

- If you were on leave for fewer than 31 days, you must resume the monthly contributions in effect before your leave (and your annual coverage will be reduced); or
- If you were on leave for 31 days or more, you may select a new annual election with new monthly contributions for the remainder of the plan year.

Return to Work Following an FMLA Leave

If you were on an FMLA leave, you have the following options:

- You may resume the monthly contributions in effect before your leave (and your annual coverage will be reduced); or
- You may increase your monthly contributions from those in effect before your leave (and resume the same annual coverage in effect before your leave).

Note: If you experience a qualified change event during the leave (e.g., if you gain or lose a dependent), you may increase or decrease your election in accordance with the qualified change event.

In order to re-enroll in the FSAs when you return from leave, you must notify the ISU Benefits Office in writing within 31 days of your return to active employment status, or you will not be able to re-enroll until the next annual open change time (unless you experience a qualified change event that permits you to change your FSA elections mid-year).

When FSA/DCAP Participation Ends

You may elect to end participation during the annual open change period.

Your participation will also end as a result of any of the following occurrences:

- your employment with ISU terminates for any reason;

- you exhaust your (sick, vacation, etc.) leave of absence, or you cease to qualify for disability benefits but do not return to work;
- you are on an unpaid faculty development leave, the terms of which do not permit you to continue benefits;
- you are on a military leave that extends beyond 24 months;
- you lose eligibility for benefits under the FSAs;
- the FSAs are terminated;
- your group of employees is no longer eligible to participate in the FSA Program; or
- you stop making the contributions needed to pay for your coverage.

For the Health Care FSA, your participation will end on the first day of the month following the last month of contributions in which one of the events listed above occurs. For the Dependent Care FSA, your last day of participation will be the last day of the month on which one of the events listed above occurs.

Heath Care Flexible Spending Accounts

This section describes information specific to the Health Care FSAs.

After You Enroll: Health Care FSA Contributions and Claiming the Funds

- When you enroll, you specify the amount that you want to contribute to your FSA for the plan year. This amount is divided by the number of pay periods left in the plan year. Your contributions are deducted from your pay evenly across pay periods for the plan year and credited to your Health Care FSA.
- File Claims: After incurring health care service expenses, you may submit a claim for those expenses to ASIFlex. Extra claim forms are available by contacting ASIFlex or online eat http://isu.asiflex.com. Once you have submitted the necessary documentation, the FSA claims administrator will send you a reimbursement payment, either by direct deposit to your bank account, or by check.

General Purpose Health Care FSA

ISU has a general purpose Health Care FSA. A general purpose Health Care FSA allows you to pay on a pre-tax, salary reduction basis for eligible health care expenses not covered under your medical, dental, or vision plans. If you are enrolled in a Health Savings Account (HSA) elsewhere, you should limit your use of the ISU FSA to items not eligible on a HSA. Discuss these options with your HSA provider.

How Much May I Contribute to My Health Care FSA?

Minimum Annual Contribution to a Health Care FSA

To participate in the Health Care FSA with your own funds, you must contribute a minimum of $20 per month or $200/$240 per year depending on the months of pay. If ISU provides the only contribution, the amount may be lower.

Maximum Annual Contributions to a Health Care FSA

You may contribute up to $2,600 to a Health Care FSA per plan year. This individual limit is the maximum set by the IRS and may be adjusted for inflation in future years. If the limit changes, ISU may choose to keep the IRS maximum limit or decrease the amount.

If both you and your spouse have FSAs, you may each contribute up to $2,600 to a Health Care FSA per plan year. It is important that you estimate your health care expenses carefully, because you forfeit any contributions over $500 that you don't claim for reimbursement. See ***What Happens to FSA Funds I Don't Use?***

Which Dependent's Expenses may be Eligible for Reimbursement from My Health Care FSA?

Under your Health Care FSA, you may claim reimbursement for medical expenses incurred on behalf of your legal spouse or any other individual who is a —dependent as defined in IRC Section 105(b) (i.e., a dependent who is eligible to receive tax-free health coverage under the IRC). Medical expenses for an individual who is a dependent under the Health Care FSA cease to be reimbursable as of the date that the individual no longer meets the requirements to be dependent as defined by the IRS.

Your Legal Spouse

For purposes of the Health Care FSA, your legal spouse is a person of the opposite sex to whom you are legally married, if the marriage is recognized both in the state in which you reside and under federal law. Your legal spouse may also include an individual described above, from whom you are separated under a legal separation decree.

Your Eligible Dependents

For purposes of the Health Care FSA, your —dependents include individuals who are tax dependents for health coverage purposes by the IRS.

To be a tax dependent for health coverage purposes, your dependent must be a citizen or national of the United States, or a resident of the United States, Mexico or Canada.

If the dependent is your natural-born child, stepchild, legally adopted child (including a child placed with you for adoption), or eligible foster child, he or she is a tax dependent for health coverage purposes through the end of the year in which he or she turns age 26. If your dependent does not fit within any of these categories, he or she is a tax dependent for health coverage purposes only if he or she is a qualifying child or qualifying relative as defined below.

Qualifying Child

Your dependent is your qualifying child if he or she:

- Is your child, sibling, stepsibling, or a descendant of any such individual;
- As of the last day of the year, is under age 19, under age 26 if a full-time student, or any age if permanently and totally disabled;
- Lives with you for more than 50% of the year (temporary absences due to special circumstances such as illness, education, business, vacation or military service, are not treated as absences); and
- Does not provide over 50% of his or her own financial support for the year.

Qualifying Relative

Your other dependent (your Second Domiciled Adult (—SDA), your SDA's child, or any other non-qualifying child dependent) is your qualifying relative if he or she:

- Is your relative, or lives with you for the full tax year (excluding temporary absences, such as for school) as a member of your household;
- Receives more than 50% of his or her annual financial support from you; and
- Is not a qualifying child of you or any other taxpayer for the year.

Special Rule for Child of Parents Who Are Divorced or Separated

A special exception applies in the case of your child if you and the child's other parent are divorced, legally separated, or live apart at all times during the last six months of the calendar year. In the case of such a child, you may cover your child on a tax-free basis even if the child is not your qualifying child or qualifying relative, as defined above, if the child:

- Receives over 50% of his or her support during the year from his or her parents,
- Is in the custody of one or both parents for more than 50% of the year, and
- Qualifies as a tax dependent of one of his or her parents under IRC Section 152(c) or 152(d).

What Are the Health Care FSA Reimbursement Rules?

In order to be reimbursed from your Health Care FSA, expenses must be —eligible medical expenses as described below. Additional basic guidelines for reimbursement from your Health Care FSA include:

Expenses must be incurred during the plan year (January 1 through December 31). Except for the "carry-over" amount; this may be used for expenses incurred during the following year.

- For expenses incurred on behalf of your child (as defined in ***Your Dependents***) who turns 26 during the plan year, you may not claim reimbursement for health care expenses incurred on behalf of such child during the grace period described above, that follows the plan year in which your child turns 26.
- For example, if your child turns 26 in September, health care expenses incurred on his or her behalf through December 31, that same year may be reimbursed from your Health Care FSA.

- An expense is considered —incurred on the date that the care is provided, rather than the date on which you are billed or on which you pay for the care.
- If you enroll in a Health Care FSA mid-year, expenses incurred before your effective date are not eligible.
- Expenses incurred after your participation in a Health Care FSA ends are not eligible (if you terminate employment, this is the last day of the month in which your termination occurs). See ***What If I Take a Leave of Absence?*** and ***What If ISU "Benefit Eligible" Employment is Terminated?*** for more information.
- Expenses reimbursed from your Health Care FSA may not be deducted on your income tax return.

What "Eligible Medical Expenses" qualify for Reimbursement under the Health Care FSAs?

Expenses are considered eligible for reimbursement from a Health Care FSA if they have been incurred for the diagnosis, cure, mitigation, treatment or prevention of illness or disease or treatment affecting any part or function of the body. The expenses must be primarily to alleviate or prevent a physical or mental defect or illness. Expenses solely for cosmetic reasons generally are not eligible expenses for health care. Also, expenses that are merely beneficial to one's general health (for example, health spas) are not expenses for health care. IRC Section 213(d) governs what is and is not eligible; provided, however, that premium payments for health coverage, long-term care services or insurance, or amounts paid for an over-the-counter drug (unless such drug is insulin or is prescribed by an authorized health care professional) are not eligible medical expenses.

For more information about what items are and are not eligible medical care expenses see the ASI Flex website for a list of possible expenses.

Employment Events and Effect on Health Care FSA Coverage

What If ISU "Benefit Eligible" Employment is Terminated?

Your automatic contributions to your Health Care FSA continue only as long as you remain eligible for benefits and with active pay. If you become benefit ineligible or terminate from ISU, participation in your Health Care FSA ends as of the last day of the month that includes your termination date, unless you continue participation under COBRA. See, ***Can I Elect COBRA for My Health Care FSA If I Stop Working?,*** for more information.

You may submit claims for eligible expenses incurred through the last day of participation in your Health Care FSA. Expenses incurred after these dates are not eligible for reimbursement, except if you continue coverage under COBRA. See ***Continuation Coverage***.

What If I Return to "Benefits Eligible" Work at ISU After Termination?

If you are rehired and choose to re-enroll in the Health Care FSA for the remainder of the plan year, you may do so within 31 days of your return to employment.
If you return to work within the same plan year, the length of your break in service from ISU will affect your re-enrollment options, as follows:

- If you were terminated from ISU for fewer than 31 days, your monthly contribution must be the same as before your break in service*.
- If you were terminated from ISU for 31 days or more, you may elect a new annual contribution.

**If you experience an event during your break in service that allows a change in election (e.g., you gain a new dependent), you may increase or decrease your election in accordance with the event.*

In order to re-enroll in the Health Care FSA, you must re-enroll with a form from ISU, within 31 days of your return to employment, or you will not be able to re-enroll.

Continuation Coverage (COBRA)

May I Elect COBRA for My Health Care FSA If I Stop Working at ISU?

If you lose coverage under the Health Care FSA as a result of a —qualifying event as described below, you may be eligible to continue participation in your Health Care FSA for a limited period of time, in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1986 ("COBRA").

If you choose to continue participating in the Health Care FSA through COBRA, you will make contributions to your Health Care FSA on an after-tax basis through the end of the plan year in which you qualify for COBRA (as explained below). However, COBRA coverage for the Health Care FSA is available only if the amount remaining in your Health Care FSA at the time your coverage would otherwise terminate exceeds the amount of your reimbursable expenses submitted to the Health Care FSA as of that time. This allows you to be reimbursed for expenses that you incur after your qualifying event, but before the end of the plan year. You may not re-enroll in the Health Care FSA during the annual open change time for the plan year that follows your qualifying event.

Qualifying Events

Review qualifying events on page 6, 7 and 8.

Notice Requirement and Electing Continuation Coverage

If the qualifying event is divorce, or your dependent child ceasing to be eligible for coverage, you or your dependents must inform the ISU Benefits Office within 60 days of the date of the event to request notice of your COBRA continuation rights. You may provide notice electronically or in writing. If you do not give notice within 60 days of the qualifying event, you may not elect continuation coverage.

In all other cases, you and your covered dependents will be notified automatically of your rights to continue coverage and will be provided with the necessary information to complete an election. You and your covered dependents will have 60 days from the later of the date coverage is lost, or the date the notice of the right to continuation coverage is received, to elect continuation coverage. If the election is not completed within the 60-day period, you will not have continuation coverage and will have no further rights to elect such coverage.

Cost for COBRA

The premium that you are charged for COBRA coverage for the Health Care FSA is based on your monthly contribution before your employment terminated. You may be charged no more than

102% of your normal contribution amount. The additional 2% above the premium cost covers ISU's cost of administering COBRA.

DEPENDENT CARE ASSISTANCE PROGRAM (DCAP) FLEXIBLE SPENDING ACCOUNT

This section describes information specific to the ISU Dependent Care Assistance Program (DCAP). The DCAP allows you to pay for eligible dependent care expenses on a pre-tax, salary reduction basis, as described below.

Laws Governing the DCAP

The FSA is established under IRC §129. It is the intention of ISU that the DCAP FSA qualify as a self-insured dependent care reimbursement plan within the meaning of IRC §129 and that the reimbursements that an employee receives under the FSA Program be eligible for exclusion from the employee's income under IRC §129(a) and §125(a).

How the DCAP Works

After you enroll, the DCAP works like this:

- When you enroll, you specify the amount that you want to contribute to your DCAP for the plan year. This amount is divided by the number of pay periods left in the plan year. Your contributions are deducted from your pay evenly across pay periods for the plan year and credited to your DCAP.
- When you have an eligible dependent care expense, you submit a claim form to the FSA Claims Administrator, along with a detailed receipt of services rendered.
- Once you have submitted the necessary documentation, the FSA Claims Administrator will send you a reimbursement payment, either by direct deposit to your bank account, or by check.

Additional Participation Requirements for the DCAP

In addition to the eligibility criteria outlined in ***Who can Participate in the FSAs?***, to participate in the DCAP you must be:

- Single or divorced and working (or looking for work); or
- Married and:
    - Both you and your spouse work (or are looking for work);
    - You work, and your spouse is a full-time student and attends classes outside the home at least five months a year; or
    - You work, and your spouse is mentally or physically disabled and unable to care for him or herself.

Should I Use the Federal Tax Credit or the DCAP?

Eligible expenses under the DCAP may be the same expenses that would permit you to claim a dependent care tax credit on your federal income tax return. It is up to you to decide whether participating in the DCAP or claiming a dependent care tax credit would be more advantageous based on your personal situation. To help make this determination, you may wish to consult a qualified tax advisor.

How Much Can I Contribute to My DCAP?

What is the Minimum Annual Contribution to the DCAP?

You must contribute a minimum of $200/$240 per year based on the number of pay periods to participate in the DCAP. Exception: If ISU credits apply due to no coverage option is the only contribution, the minimum may be lower.

What is the Maximum Annual Contribution to the DCAP?

Your maximum annual contribution to the DCAP depends on your marital and income tax filing status, as indicated below. For single participants, the maximum contribution is generally $5,000 per year. For married participants, the maximum contribution is generally $5,000 per year if filing tax returns jointly, and $2,500 per year if filing tax returns separately. If ISU credits apply due to no coverage option and are directed to the DCAP, the employee's amount is reduced to stay within the maximum allowed.

If You Are…	You May Contribute the lesser of…
Single	$5,000; or your annual income
Married, filing a joint tax return	$5,000 (**total**); or your annual income; or your spouse's annual income
Married, filing separate tax returns	$2,500; or your annual income; or your spouse's annual income
Married and your spouse is physically or mentally incapable of caring for himself or herself or is a full-time student for at least 5 calendar months per year.	$250 per month (up to $3,000 per year) if you have *one* qualifying dependent; or $500 per month (up to $5,000 per year) if you have *two or more* qualifying dependents

It is important that you estimate your dependent care expenses carefully, as you will forfeit any contributions you cannot claim for reimbursement. See What Happens to DCAP Funds I Don't Use?

Which Dependents' Expenses are Eligible for Reimbursement?

Dependent care expenses must meet the statutory requirements of IRC §129. More information about eligible expenses also can be found in IRS Publication 503 available at the IRS Website at http://www.irs.gov (click on the "Forms and Pubs" link). However, some basic guidelines for eligible Dependent Care FSA expenses are described below.

The Dependent Care FSA allows you to be reimbursed for the eligible expenses of your eligible dependents, as follows:

-An individual that is your qualifying child under IRC Section 152 as modified for dependent care purposes and who is under the age of 13, or who is age 13 or over and physically or mentally incapable of self-care. This child must meet all of the following to be a qualifying child for this purpose:

- Has one of the following relationships to you
  - Your child or a descendant of your child
  - Your brother, sister, stepbrother, stepsister, or descendant of any such relative
- Lives with you for more than 50% of the year
- Does not provide over 50% of the child's own financial support for the year.

-Your opposite-sex spouse who is physically or mentally incapable of caring for himself or herself and who has the same principal residence as you for more than half of the year.

-Any other tax "dependent" that is physically or mentally incapable of caring for him or herself and who:

- Is a relative of yours – specifically, your child or a descendant of your child; your father, mother or an ancestor of either; your stepfather or stepmother, father-in-law or mother in law, or your father's or mother's brother or sister; your brother, sister, stepbrother, stepsister, or your brother's or sister's son or daughter; or your son-in-law, daughter-in-law, brother-in-law, or sister-in-law - and has the same principal residence as you for more than 50% of the year, or is an unrelated individual who has the same principal residence as you for the entire year and who is a member of your household;
- Receives more than 50% of his or her annual financial support from you; and

- Is not a qualifying child of you or of any other taxpayer for the year.

Special Rule for Children of Divorced or Separated Parents

If a child of divorced or separated parents resides with one or both parents for more than half the year and receives over half of his or her support from one or both parents, the child may be considered a qualifying individual *only* with respect to the child's custodial parent (as defined in IRC Section 152(e)(3)). This determination is made without regard to which parent claims the child as a dependent on his or her tax return.

Please contact a qualified tax expert for advice if you are unsure whether you can claim an individual as a dependent for your FSA under IRS rules.

What Types of Expenses Are Eligible for Reimbursement under the DCAP?

Incurring Expenses Timing

Expenses must be incurred either during the plan year (January 1 through December 31) in which funds are contributed to your DCAP FSA. However, expenses incurred before your effective date of participation are not eligible for reimbursement. You must submit all claims for reimbursement by April 30 of the plan year following the plan year in which funds were contributed to your DCAP FSA.

- For example, assume that you enroll in the DCAP FSA in June. You elect to contribute $1,000 for the plan year, but you only use $500 to pay eligible DCAP expenses incurred during the plan year (June-December).
- You may not submit a claim for reimbursement of dependent care expenses incurred before June, the month in which you were first enrolled in the Dependent Care FSA; and
- You must submit all claims for reimbursement by April 30 of the following year.

Expenses are considered incurred when the care is provided, rather than when you are billed or when you pay for the care.

Types of DCAP Expenses

Expenses must be incurred for the care of an eligible dependent, or for household services attributable in part to the care of an eligible dependent. Expenses generally must be incurred to enable you (and your spouse, if you are married) to work or to look for work. However, if your spouse is a full-time student or is mentally or physically incapable of self-care, your spouse is not required to be working or looking for work when the expenses are incurred.

If the expenses are incurred for services outside your household, they must be incurred for the care of:

- a person under age 13 who is your dependent under federal tax law; or
- your spouse or another person who is your dependent under federal tax law, who is physically or mentally incapable of self-care and who regularly spends at least eight hours per day in your household.

If the expenses are incurred for services provided by a dependent care center (i.e., a facility that provides care for more than six individuals not residing at the facility), the center must comply with all applicable state and local laws and regulations.

Care Provided by Related Individuals

Expenses are not eligible for reimbursement if they are provided by any of the following individuals:

- your spouse or a parent of your child who is under the age of 13;
- your child who is under the age of 19 during the entire year in which the expense is incurred;
- an individual for whom you or your spouse is entitled to a personal tax exemption due to the individual's dependent status; or

- a person for whom you are entitled to a personal exemption under IRC section 151(c) (claimed as a dependent on your income taxes).

Eligible Dependent Care Expenses

The primary purpose of the DCAP is to provide assistance for the wellbeing and protection of your eligible dependent(s) so that you can work. The list of eligible/ineligible expenses can be found on the ASI*Flex* website.

You are responsible for making sure all expenses submitted for payment under the DCAP are eligible for reimbursement and meet the requirements of the IRC. To determine whether your expenses meet the necessary requirements, the FSA claims administrator may ask you to submit additional information. In some cases, you may need a statement from your tax advisor verifying that the expense in question is eligible for reimbursement. For additional information, consult your tax advisor.

Also note that you may not deduct any expenses reimbursed under the DCAP FSA on your income tax return.

Employment Events and Effect on DCAP Coverage

What If I Terminate from ISU?

If you terminate for any reason, contributions to your DCAP will stop with your final paycheck. Your participation will end on the last day of the month you terminate
.
However, if you have funds remaining in your DCAP FSA, you may continue to submit claims for eligible expenses incurred through the last day of the plan year in which you were making contributions and the following grace period. In order to be reimbursed, you must continue to meet the eligibility criteria described in the ***Who Can Participate in the FSAs?*** and ***Additional Participation Requirements for the DCAP FSA*** sections of this SPD.

Can I Elect COBRA Continuation for My DCAP if I Stop Working for ISU?

No. You cannot continue your participation in the DCAP through COBRA.

What If I Return to Work at ISU After Termination?

If you are rehired by ISU and choose to re-enroll in the DCAP for the remainder of the plan year, you may do so within 31 days of your return to employment.
If you return to ISU within the same plan year, the length of your break in service from ISU will affect your re-enrollment options, as follows:

- If you were terminated from ISU for fewer than 31 days, your monthly contribution must be the same as it was before your break in service.*
- If you were terminated from ISU for 31 days or more, you may elect a new annual contribution.

**If you experience a qualified change event during your break in service that allows a change in election (e.g., gain a new dependent) you may increase or decrease your election in accordance with the event.*

In order to re-enroll in the DCAP, you must re-enroll with a form from the ISU Benefits Office, within 31 days of your return to employment, or you will not be able to reenroll until the next annual open change time. Forms are available from the Iowa State Benefits Office.

Reimbursement, Forfeiture, Review and Claims Filing Procedures

When May I Expect My Reimbursement: After the initial enrollment or annual enrollment file has been completed for each participant, claims are processed daily – usually within 1 day of receipt of a qualified claim.

Direct deposit is available for claims reimbursement payment. You can sign up for direct deposit in two ways: 1) set up your account with ASIFlex at: https://my.asiflex.com; or 2) use the Direct Deposit form available on the website http://isu.asiflex.com . Fax to ASI*Flex*: 1-877-879-9038 or mail the form to P.O. Box 6044 Columbia, MO 65205-6044.

The direct deposit form on the website includes the option for notices of payment to be sent via E-mail or by text or if neither option is selected, by US Mail the same day payment is generated.

How Do I Keep Track of FSA/DCAP Contributions and Balance?
Visit ASI*Flex*'s secure online portal at https://my.asiflex.com or you may call Customer Service at (800) 659-3035.

What Happens to FSA Funds I Don't Use?
The IRS requires claims incurred the previous year to be filed by April 30th of the following year. After that, your account for the previous year will be closed and any balance remaining will be forfeited to Iowa State University in accordance with federal regulations. Except for two possibilities:
The "Carry-Over" provision, where any remaining amount of $500.00 or less would carry over to the next year or
Military Leave exception, see ***Health Care FSA Participation During a Leave of Absence – Military Leave*** for the exception for certain persons in military service.

You must file all claims for reimbursement with the FSA claims administrator no later than April 30 following the end of the plan year, or you will forfeit any remaining funds over $500 in your account. FSA funds remaining of $500 or less are added to the next year FSA total. The funds may be claimed for expenses incurred in the following year.

Claims must be submitted online, post-marked or faxed to the FSA claims administrator by the deadline, or they will be denied.
If April 30th is a holiday, Saturday, or Sunday, then claims must be filed by the first business day following April 30th.

With this "use it or lose it" rule applying to funds over $500, it is important that you carefully plan your contributions to your FSAs. Set aside only as much as you expect to claim during the plan year or stay under $500 or you will lose it.

You may not use money in your Health Care FSA to pay dependent care expenses or vice versa, and you may not transfer funds between your Health Care FSA and your DCAP FSA.
In accordance with the IRC, ISU may use forfeited funds to pay administrative costs, or as otherwise permitted by law.

If you receive a check for reimbursement and forget to cash it, the check is valid for six months from the issuance date. If you have received a check and have not cashed it within six months, ASI*Flex* will attempt to contact you via email or postal mail, and will offer to reissue the reimbursement to you. If ASI*Flex* cannot reach you, the amount of the uncashed check will be reported and remitted to your state of residence's unclaimed property division.

If you have unused funds over $500.00 at the end of the claims filing period, those funds are forfeited to Iowa State University and are used to a) offset reimbursements to health care FSA participants who terminate employment mid-year and have been reimbursed more than contributed at that point in time and/or b) pay ASI*Flex*'s administrative fees.

Claim Filing Guidelines Checklist:

- Clearly print your name, address, social security number (or EID as appropriate) and your employer's name, Iowa State University.
- List expenses and provide supporting documentation
- Include required documentation with the claim

IRS Documentation Requirements:

- Each item claimed must be supported with proper documentation. The documentation must include the five (5) essential information following, otherwise your claim will not be processed. The following should be included with each piece of documentation submitted to ASI*Flex* with your completed claim form:
  1. Name of the provider or merchant (medical or dependent care)
  2. Name of the person, or persons receiving the service or care
  3. Date or range of dates of service or care
  4. Cost of the service, not just the amount paid
  5. Description of the service or care

Without a description of the service or care provided, your claim will be denied. Credit card receipts, cancelled checks and billing statements without detailed service information are not substantial documentation and will not be accepted.

The description of the service or care can be as generic as "copay" or "office visit". If the description of the service is not listed on the receipt provided from your service or care provider, the provider may write the description on the receipt.

*Please note if a receipt is not available for dependent/elder care expenses, you may have the care provider sign and date in place of a receipt.

-Sign the claim form. (Claim forms that are not signed will not be accepted)

-Keep copies of each receipt and claim form for tax purposes (DCAP/Elder Care FSA participants must file IRS Form 2441 each year with tax return. For Dependent Care claims, keep in mind that you will need the provider's tax ID or Social Security Number when you file your Federal income taxes).
-Submit completed claim form and supporting documentation to ASI*Flex*.
You may submit by:

- Toll-free fax (877) 879-9038 – You may submit your claim via ASI*Flex*'s toll-free fax number, 24 hours a day, 7 days a week.
- US Mail to ASI*Flex* P.O. Box 6044, Columbia, MO 65205
- Or use the on-line portal or mobile device application.

  - In order to submit your claim via ASI*Flex*'s secure online portal, you will need to select a username, password and security image. You will also be asked to select security questions and answers as these will be used if you forget your credentials later. Please remember your credentials as you will need to provide your username, password and security image each time you sign on to the portal.

- File claims online via ASIFlex's secure website, go to http://isu.asiflex.com, and go to the Account Detail section. Then follow the directions to upload your scanned supporting documentation.

- **The self-service mobile app is also available.** It is free to download and use. Go to the GooglePlay Store for Android devices or App Store for Apple devices and search for ASIFlex.

  Or you can scan the appropriate code from the ASI*Flex* website: http://isu.asiflex.com. Use your phone/tablet to review your account and file claims. No need to scan or copy your receipt – simply use the app to take a picture with your device's camera.

If the FSA/DCAP Claims Administrator Accepts My Claims, Does This Mean the IRS Will, Too?
No. It is your responsibility to make sure that expenses you submit for reimbursement are eligible under the FSAs. You are responsible for taxes and penalties associated with any ineligible expenses that may be discovered as a result of an IRS audit.

What is the Claim Review Process for Denied FSA/DCAP Claims?
After you submit your claim for reimbursement, the FSA claims administrator will decide if the claim is eligible for reimbursement within a reasonable time. The Administrator has the right to secure independent medical advice and to require such other evidence as it deems necessary to decide FSA/DCAP claims.
The Administrator will decide your claim in accordance with reasonable claims procedures, as required by ERISA. The Administrator has the right to require such other evidence as it deems necessary in order to decide your claim. If the Administrator denies your claim, in whole or in part, you will receive a written notification setting forth the reason(s) for the denial.

If Your Claim Is Denied
If your claim is denied in whole or in part, you will be notified in writing by the Administrator within 30 days of the date the Administrator received your claim. (This time period may be extended for an additional 15 days for matters beyond the control of the Administrator.) The Administrator will provide written notice of any extension, including the reasons for the extension and the date by which a decision by the Administrator is expected to be made. Where a claim is incomplete, the extension notice will also specifically describe the required information, will allow you 45 days from receipt of the notice in which to provide the specified information, and will have the effects of suspending the time for a decision on your claim until the specified information is provided.
Notification of a denied claim will set out:

- a specific reason or reasons for the denial;
- the specific FSA/DCAP provision on which the denial is based;
- a description of any additional material or information necessary for you to validate the claim and an explanation of why such material or information is necessary;
- if an internal rule, guideline, protocol, or other similar criterion is relied on in making the decision on review, either a description of the specific rule, guideline, protocol, or other similar criterion or a statement that a copy of such information will be made available free of charge upon request;
- for adverse determinations based on medical necessity, experimental treatment or other similar exclusions or limits, an explanation of the scientific or clinical judgment used in the decision, or a statement that an explanation will be provided free of charge upon request; and
- appropriate information on the steps to be taken if you wish to appeal the Administrator's decision, including your right to submit written comments and have them considered, your right to review (upon request and at no charge) relevant documents and other information, and your right to file suit under ERISA with respect to any adverse determination after appeal of your claim.

Appeals under the FSA/DCAP

If your claim is denied in whole or part, you (or your authorized representative) may request review upon written application to the ISU Benefits Office. Your appeal must be made in writing within 180 days of your receipt of the notice that the claim was denied. If you do not appeal on time, you will lose the right to appeal the denial and the right to file suit in court.
Your written appeal should state the reasons that you believe your claim should not have been denied. It should include any additional facts and/or documents that you feel support your claim. You will have the opportunity to ask additional questions and make written comments, and you may review (upon request and at no charge) documents and other information relevant to your appeal.

Decision on Review

Your appeal will be reviewed and decided by ISU or its designee in a reasonable time not later than 60 days after the ISU receives your request for review. ISU may, in its discretion, hold a hearing on the denied claim. Any medical expert consulted in connection with your appeal will be different from and not subordinate to any expert consulted in connection with the initial claim denial. At your request, the identity of a medical expert consulted in connection with your appeal will be provided. If the decision on review affirms the initial denial of your claim, you will be furnished with a notice of adverse benefit determination on review setting forth:

- the specific reason(s) for the decision on review;
- the specific FSA/DCAP provision(s) on which the decision is based;
- a statement of your right to review (upon request and at no charge) relevant documents and other information;
- if an internal rule, guideline, protocol, or other similar criterion is relied on in making the decision on review, either a description of the specific rule, guideline, protocol, or other similar criterion or a statement that a copy of such information will be made available free of charge upon request;
- for adverse determinations based on medical necessity, experimental treatment or other similar exclusions or limits, an explanation of the scientific or clinical judgment used in the decision, or a statement that an explanation will be provided free of charge upon request; and
- a statement of your right to bring suit under ERISA.

Administrative Information

Facility of Payment

If you or a covered dependent are under legal disability, or in the opinion of the Plan Administrator are in any way incapacitated so as to be unable to manage your financial affairs, the Plan Administrator may direct the claims administrator to make payments or distributions to:

- the covered person's legal representative; or
- until a claim is made by a conservator or other person legally charged with the care of the person, to a relative or friend of such person for such person's benefit.

Or, the Plan Administrator may direct payments or distributions for the benefit of the covered person in any manner that is consistent with the provisions of the FSAs. Any payments so made will be a full and complete discharge of any liability for such payment under the FSAs.

Benefits Not Transferable

Except as otherwise permitted by the Plan Administrator to assign benefits to providers, or as may be required by a qualified medical child support order, or applicable tax withholding laws, or pursuant to an agreement between you and ISU, your benefits under the FSA/DCAP are not in any

way subject to you or your dependents' debts and may not be voluntarily sold, transferred, alienated or assigned.

Recovery of Benefits

If you receive a benefit payment under the FSA/DCAP that is in excess of the benefit payment that should have been made, the Plan Administrator has the right to recover the amount of the excess. The Plan Administrator may, however, at its option, direct the claims administrator or trustee to deduct the amount of the excess from any subsequent benefits payable under the FSAs to you or for your benefit.

Information to be Provided

You must furnish ISU, the Plan Administrator, and ASIFlex, the claims administrator with the information they consider necessary or desirable to administer the FSA/DCAP. If you make a fraudulent misstatement or omission of fact in an enrollment form or a claim for benefits under the FSA/DCAP, it may be used to deny claims for benefits.

Governing Law

The FSAs shall be governed by the laws of Iowa, to the extent not superseded by federal law. If any part of the FSA/DCAP is determined to be invalid or illegal for any reason, the remaining provisions of the FSAs shall be applied as if the illegal or invalid provision had never been a part of the FSAs.

ERISA RIGHTS

Do I Have ERISA Rights?

If you participate in the Health Care FSA Program, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 ("ERISA"). The Dependent Care FSA Program is not an ERISA plan. ERISA provides that all ERISA plan participants shall be entitled to:

Receive Information about the FSA/DCAP and Benefits

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the FSA Program, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the FSA Program with the U.S. Department of Labor and available at the Public Disclosure Room of the Pension and Welfare Benefit Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the FSA Program, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan Administrator may impose a reasonable charge for the copies.
- Receive a summary of the annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

Continue Group Health Plan Coverage

You may continue Heath Care FSA coverage if there is a loss of coverage under the FSA Program as a result of a COBRA qualifying event. You may have to pay for such coverage. See ***Can I Elect COBRA Coverage for My Health Care FSA if I Stop Working for ISU?***, ***Can I Elect COBRA Coverage for My Dependent Care FSA if I Stop Working for ISU?***, and the other documents governing the FSA/DCAP for rules governing your COBRA continuation rights.

Prudent Actions by FSA/DCAP Fiduciaries

In addition to creating rights for FSA Program participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate the FSA Program, called "fiduciaries" of the FSA Program, have a duty to do so prudently and in the interest of you and other FSA Program participants and beneficiaries. No one, including your

employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a health benefit or exercising your rights under ERISA.

Enforcing Your Rights

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. See ***What Is the Claim Appeal Process for Denied FSA Claims?***

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of FSA/DCAP documents or the latest annual report and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan Administrator's decision or lack thereof concerning the qualified status of a medical child support order, you may file suit in federal court. If it should happen that FSA/DCAP fiduciaries misuse the FSA/DCAP money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about the FSA/DCAP, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Pension and Welfare Benefits Administration.

This document, called the Summary Plan Description (SPD), summarizes the FSA Program in easy-to-understand language. It is the official FSA Program document.

This summary describes the FSA/DCAP Program in effect as of January 1, 2015.

Participation in an FSA in no way guarantees employment with ISU. While ISU expects to continue the FSA Program indefinitely, it reserves the right to terminate, suspend, withdraw, amend or modify all or any part of the FSA Program or the Plan, at any time without notice, by written action of ISU or its duly authorized delegate. Any such change or termination of the FSA Program or the Plan will be based solely on any decision of the Plan Sponsor and may apply to any or all groups of employees – including active and disabled employees and their dependents – as determined under the FSA Program. Any material change will be explained to you within a reasonable period of time of when it is adopted, in accordance with any legal requirements regarding notification of material changes.

No supervisor, manager or other representative of ISU has any authority to enter into any oral or written agreement contrary to the foregoing or contrary to the terms of any Summary Plan Description or applicable Plan document.